

Message Text

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ACTION AID-59

INFO OCT-01 EUR-06 EA-04 NEA-05 ADP-00 IO-09 IGA-02 SSO-00

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC IMMEDIATE 9163

AMEMBASSY ISLAMABAD IMMEDIATE

AMEMBASSY DACCA IMMEDIATE

INFO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY ROME

C O N F I D E N T I A L OECD PARIS 7383

DEPT, ISLAMABAD, AND DACCA DELIVER OPENING OF BUSINESS
MONDAY MARCH 26

E. O/ 11652 GDS

SUBJ: INSTRUCTION FOR USDEL TO DACCA MEETING BANGLADESH
AID DONORS

AIDAC

ADCOR

SUMMARY: U. S. DELEGATION RECOMMENDS AND REQUESTS REVISED
INSTRUCTIONS TO MAKE PREVIOUSLY AUTHORIZED FY 1974 DL PLEDGE
AT MEETING OF BANGLADESH AID DONORS MARCH - APRIL 1 ON CON-
DITIONAL BASIS. END SUMMARY.

1. EVENTS AT PAKISTAN CONSORTIUM MEETING SUBSTANTIALLY
ALTER ANTICIPATED SCENARIO FOR DACCA AID GROUP MEETING.
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NO INTERIM DEBT RESCHEDULING ARRANGEMENT BEYOND JUNE 30, 1973 COULD BE AGREED UPON AS CONSORTIUM UNABLE SECURE SATISFACTORY AGREEMENT FROM GOP TO CONTINUE ACCEPT LIABILITY FOR " BDG DEBTS" BEYOND JUNE 30, 1973. SEE SEPTTEL DETAILING IN SEQUENCE SERIES OF MEETINGS ON PROBLEM OF DIVISION OF DEBT. IN END, DELEGATIONS MADE PLEDGES TO PAKINSTAN FOR 1973-74 CONDITIONED UPON LATER ACHIEVEMENT ACCEPTABLE SOLUTION TO DEBT PROBLEMS, AND ASSURED PAKISTAN THAT CONSORTIUM TREATMENT OF PAKISTAN AND BANGLADESH WOULD BE EVEN-HANDED. THESE PLEDGES WERE MADE BECAUSE IT WAS CLEAR THAT SOME PLEDGES (HUMANITARIAN AID) WOULD OCCUR IN DACCA IRRESPECTIVE OF DEBT CONSIDERATIONS AND IT WAS FELT IMPORTANT TO MAINTAIN CONSISTENT CONSORTIUM STANCE. AGREEMENT WAS REACHED TO MEET ON THE PAK DEBT QUESTION AGAIN A MONTH OR MORE LATER IN THE SPRING FOLLOWING DECISIONS WITH BDG IN DACCA MEETING NEXT WEEK AND, POSSIBLY, A LATER SECOND MEETING IN PARIS WITH BDG. SENSE OF URGENCY TO REACH DEBT DIVISION OR NEGOTIATE AGAIN WITH GOP FOR AN INTERIM EXTENSION WAS EVIDENT AT CONCLUSION OF MEETING.

2. US DELEGATION SUBSCRIBES TO CONSORTIUM CONSENSUS THAT SAME TYPE OF CONDITIONAL DL COMMUNITMENTS MADE IN PARIS TO GOP IS NECESSARY, AS WELL AS EQUITABLE, IF EARY PROGRESS TOWARD DIVISION OF DEBT TO BE ACHIEVED. ACCORDINGLY, US DELEGATION REQUESTS AUTHORIZATION TO PLEDGE FY1974 DEVELOPMENT AID (RPT DEVELOPMENT AID) CONDITIONALLY AS WE EXPECT OTHER CONSORTIUM DONORS TO DO. IF DEBT DIVISION NOT AGREED TO IN DACCA NEXT WEEK, AS SEEMS MOST UNLIKELY , PROPOSE OUR FY1974 DL PLEDGE BE CONDITIONAL ON: (A) SUBSEQUENT BDG AGREEMENT TO ACCEPT THE PRINCIPLE OF ITS REponsibility FOR AN APPROPRIATE SHARE OF TOTAL PAK DEBT; AND (B) BDG ENTERING PROMPTLY INTO DISCUSSIONS WITH IBRD OR OTHER AGREED INTERMEDIARY TO QUANTITY THE DIVISION. PRINCIPAL CONSORTIUM DELEGATIONS ALREADY SO AUTHORIZED AND ALL OTHERS SEEKING THESE INSTRUCTIONS FROM THEIR GOVERNMENTS.

3. REGARDING HUMANITARIAN ASSISTANCE, US AND CANADA MADE CLEAR TO OTHER CREDITORS THEY WOULD NOT REPEAT NOT USE SUCH ASSISTANCE FOR LEVERAGE ON DEBT ISSUE AND THIS STANCE REFLECTED CONSENSUS OF OTHERS. NOTHWITHSTANDING PAK DELEGATE
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STATEMENT AT END OF FINAL PAK CONSORTIUM PLEDGING SESSION,

THAT GOP WOULD CONSIDER PLEDGING EVEN IF HUMANITARIAN ASSISTANCE IN DACCA NEXT WEEK A DISCRIMINATORY ACT THAT COULD TRIGGER "SERIOUS", BUT UNSPECIFIED, CONSEQUENCES, US DEL REQUESTS RECONFIRMATION AUTHORITY TO PLEDGE FY1974 HUMANITARIAN (I.E. PL 480 AID WITH, OF COURSE, SPECIAL CAVEATS AS REGARDS SUPPLY AND BUDGET AVAILABILITIES. IT IS NOTEWORTH IN THIS CONNECTION THAT US HAS ALREADY FULLY COMMITTED ITS FY1974 DL ASSISTANCE TO GOP UNDER LOAN AGREEMENTS SIGNED LAST MONTH.

4. ADVISE DACCA, REPEAT NEW DELHI FOR MADDONALD.
BROWN

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